

Message Text

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PAGE 01 TUNIS 07222 061118Z
ACTION OPIC-06

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FOR OPIC: BRIAN TREADWELL

E.O. 11652: N/A
TAGS: EINV, ETRD, TS, US
SUBJ: PRE-INVESTMENT SERVICES: POSSIBLE OPIC FUNDING FOR
FEASIBILITY SURVEY - NATIONAL CORK COMPANY (STL)

1. SUMMARY: DODGE CORK OF LANCASTER, PA., HAS DISCUSSED
POSSIBILITY OF TECHNICAL SERVICES AND MARKETING ARRANGEMENTS WITH
SOCIETE NATIONALE DE LIEGE (NATIONAL CORK COMPANY). LATTER, WITH
ENDORSEMENT OF MINISTRY OF PLAN, HAS APPROACHED US TO INQUIRE
WHETHER USG-FUNDING MIGHT BE AVAILABLE FOR FEASIBILITY STUDY
WITH VIEW TO SUCH ARRANGEMENTS. REQUEST OPIC ADVICE/SUGGESTIONS.
END SUMMARY.

2. RONALD M. ANDERSON FROM LANCASTER, AND RODERICK AU. REYNOLDS,
INTERNATIONAL MARKETING DIRECTOR FROM LISBON, WERE IN TUNIS TWO
WEEKS AGO FOR CONVERSATIONS WITH MOHAMED HANAFI BEN CHERIF,
NEW PRESIDENT OF NATIONAL CORK COMPANY (SNL). LATTER, WITO
BUSINESS OFFICES AT 12 RUE DE HOLLANDE, TUNIS (TEL: 286.527) IS
A MIXED ENTERPRISE WHICH PRODUCES 10,000 TONS OF CORK ANNUALLY,
NORMALLY OVER 50 PERCENT FOR EXPORT AND EMPLOYS 400 WORKERS
IN RELATIVELY POOR TABARKA AREA IN NORTHWEST TUNISIA NEAR
ALGERIAN BORDER. EXPORTS IN 1976 AMOUNTED TO 3,700 METRIC TONS,
VALUED AT ONLY \$1.2 MILLION. MOST WAS SHIPPED WITH MINIMAL
PROCESSING, CORK IN SHEETS FOR BOTTLE CORKS, MAINLY TO ITALY,
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AND SEMI-FINISHED AGGLOMERATE, MAINLY TO WEST GERMANY.

3. ANDERSON TOLD EMBASSY SEPTEMBER 20 THAT DODGE WOULD BE
INTERESTED IN ENTERING INTO TECHNICAL SERVICES AND PURCHASE
CONTRACTS WITH STL TO DEVELOP MORE FINISHED PRODUCTS UP TO DODGE
STANDARDS, THEN MARKET ENTIRE OUTPUT ON WORLD-WIDE BASIS.
AMONG OTHER THINGS, DODGE WOULD COUNT ON BENEFITTING FROM GSP,

WHICH, AMONG CORK PRODUCERS EXTENDED BY USG ONLY TO MOROCCO AND TUNISIA. EMBASSY COMMERCIAL OFFICER SUGGESTED ANDERSON CONTACT OPIC - FOR POSSIBLE ASSISTANCE.

4. AT SUGGESTION OF ECONOMIC COOPERATION DIRECTOR MESTIRI OF MINISTRY OF PLAN, BEN CHERIF OUTLINED FOR E/C COUNSELLOR SEPTEMBER 30 EFFORTS TO REINVIGORATE CORK COMPANY AND INCREASED VALUE-ADDED OF ITS EXPORTS BY FURTHER PROCESSING TO MARKET H STANDARDS. THOUGH HE HAD ALSO CONTACTED NON-US FIRMS, BEN CHERIF BELIEVES DODGE COULD BE IDEAL PARTNER IN ARRANGEMENT SUCH AS JOINT VENTURE GIVEN ITS ADVANCED TECHNOLOGY AND WORLDWIDE MARKETING. ALTHOUGH SNL IS 80 PERCENT GOVT-OWNED, BEN CHERIF SAID SNL WILLING AND ABLE TO SET UP NEW JOINT VENTURE WITH SUBSTANTIAL PRIVATE EQUITY IF FOREIGN PARTNER INTERESTED.

5. IMMEDIATE CONCERN OF SNL IS TO FINANCE FEASIBILITY STUDY WHICH, WITH TECHNICAL ASSISTANCE, DODGE SAYS WOULD RUN ABOUT \$300,000 AND WHICH IT HAS NOT OFFERED TO FINANCE DIRECTLY. (NOT CLEAR HOW MUCH OF \$300,000 ESTIMATED BY DODGE WOULD BE FOR STUDY AND HOITKLZ FOR FOLLOW-UP SERVICES.) BEN CHERIF INDICATED THAT WHILE SNL'S INTERNAL RESOURCES NOT ADEQUATE TO HANDLE STUDY COSTS OF THIS MAGNITUDE, HE IS CONFIDENT THAT, IF STUDY RESULTS FAVORABLE, FINANCING COULD BE FOUND FOR NEW EQUIPMENT RUNNING TO AT LEAST \$1.5 MILLION.)

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6. WOULD APPRECIATE YOUR ADVICE ON: (A) WHETHER OPIC MIGHT BE ABLE TO FUND FEASIBILITY STUDY AND IF SO, HOW THIS COULD BE HANDLED. (ASSUME DODGE WOULD HAVE TO SHARE COSTS; WOULD ANY SPECIFIC CHANGES IN CORPORATE STRUCTURE/EQUITY BE REQUIRED FOR SNL TO QUALIFY AS PARTNER?); (B) YOUR ASSESSMENT OF INTEREST OF DODGE HEAD OFFICE IN TUNISIAN RELATIONSHIP ON JOINT VENTURE OR OTHER BASIS; (C) IF OPIC COULD NOT HANDLE, OR DODGE NOT INTERESTED, ANY SUGGESTIONS FOR OTHER SOURCES OF FUNDING FOR FEASIBILITY STUDY.

7. PROJECT APPEARS LOGICAL AND PROMISING FROM POINT OF VIEW OF STABILIZING EMPLOYMENT AND RAISING INCOME IN TABARKA AREA, WHILE GIVING SMALL ASSIST TO TUNISIAN BALANCE OF PAYMENTS BY BETTER EXPLOITATION OF SPECIAL AGRICULTURAL RESOURCE. PROJECT HAVING HIGH-LEVEL GOVT INTEREST, WE WOULD LIKE TO BE AS RESPONSIVE AS POSSIBLE - PROMPTLY IN RESPECT TO WHETHER THERE IS POSSIBILITY OF US FINANCING FOR STUDY. YOUR HELP AND INGENUITY WILL BE APPRECIATED.
MULCAHY

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Sent Date: 06-Oct-1977 12:00:00 am
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